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DIRECTORATE OF  
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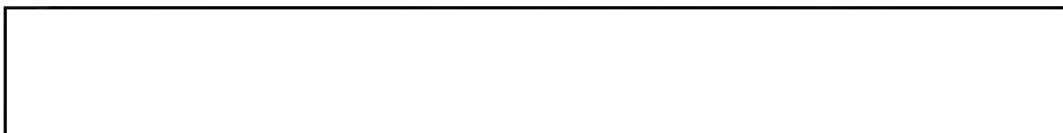
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COMMUNIST CHINA: The regime's handling of the prominent absentees at the large May Day turnout in Peking indicates that the leadership equation remains unsolved.

The most notable absentees were politburo standing committee members Chen Po-ta and Kang Sheng. Chen, Mao Tse-tung's long-time personal secretary, and Kang, the regime's top security specialist, played leading roles in Mao's sweeping purges of the old Communist Party apparatus. According to persistent rumors circulating in Peking diplomatic circles, Chen and Kang were severely criticized at a major party gathering last fall, and both have been out of sight for some time.

Peking attempted to rationalize the absences with the lame excuse that some leaders were unable to be present due to "work or sickness." The Chinese have never before resorted to this device to explain the absence of important leaders. It is possible that Chen and Kang are sick, but there are no convincing reports to suggest such an eventuality. Their continued absence therefore suggests there is substance to rumors that they have suffered a political setback.

The third major politburo figure who failed to appear was Hsieh Fu-chih, who came under fire presumably from leftist elements in Peking last year. Although Hsieh was chosen head of the Peking municipal party committee on 19 March, he did not deliver the customary address at the municipal congress and even may not have been present at the meeting. Thus, although it would appear that Hsieh has undergone a political resurrection of sorts, his continued absence from public view suggests that his political status has not yet been totally resolved.

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**[ EGYPT:** The dismissal yesterday of Vice President Ali Sabri appears to have been prompted by a direct challenge to President Sadat's authority on the conditions for Egypt's entry into the Federation of Arab Republics (FAR).

[REDACTED] Sabri's pointed criticism of Sadat's handling of the federation question was but the latest of his maneuvers to achieve a greater voice in policymaking. He has also exploited his position as a one-time Nasir favorite to undercut Sadat's commitment to seeking a negotiated settlement with the Israelis.

Sadat's decisive move against his most prominent critic suggests an increasing confidence in his ability to manipulate the instruments of power. Although Sabri apparently still holds his post as a member of the ASU higher executive committee, he now has almost certainly been eclipsed as an influential contributor to the formulation of policy. The public support that Sadat received last week from the powerful minister of interior, Sharawi Goma, for his role in laying the groundwork for the FAR may have encouraged the President to move against the vice president.

Sabri's prominent identification with the Soviet Union could be an embarrassment for Moscow, particularly in view of the coincidence of Sabri's dismissal with Secretary Rogers' visit. [REDACTED]

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YUGOSLAVIA: The party leadership has emerged from a three-day closed-door session calling for strict discipline to overcome regional chauvinism and to implement pending reforms.

In its concluding announcement, the presidium recorded its concern over the "gravity of the present political and economic situation," and pledged to fight all forms of regional nationalism. There were other indications that the meeting was difficult. Press reports, as well as Tito's own words on the presidium meeting, are more equivocal than would have been expected had the outcome been decisive, leaving the impression that many basic differences were only papered over.

Tito himself, however, has claimed unanimity was reached. To buttress his point, he sailed from his Brioni Island retreat with Croatian leaders, who had been the focus of the dispute before the meeting, for May Day celebrations on the mainland.

A special report to the presidium cleared the Yugoslav intelligence services of allegations that they were involved in a "conspiracy" aimed at slandering the present Croatian Republic leadership by linking it to radical foreign emigres who advocate an independent Croatia. Unspecified shortcomings, however, were noted in the country's security services, and the presidium cited the need for more efficient control over their work.

Results of the meeting apparently include a speedup in implementing the country's reforms and a reshuffling of government personnel before this fall, when it had been expected. They may also include a thorough reorganization of the party; Tito's remarks suggest he might attempt to implement one before the end of the year.

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PAKISTAN-INDIA: The Pakistani position toward the Indian diplomats in Dacca continues to be erratic. A Pakistani official has told the Indians that they may be evacuated on 5 May, but restrictions on their movements--already lifted twice in the past few days--have again been reimposed. In the meantime, both countries continue to make charges of border violations, although the Indian External Affairs Ministry sees no indications that the border situation is becoming unmanageable. [REDACTED]

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NATIONALIST CHINA - US: Taipei's publication of last Friday's official demarche criticizing recent State Department comments on the sensitive Taiwan issue is a good indication of the seriousness with which the government views current trends in US China policy. Although Nationalist leaders have been unhappy with tentative US overtures to Peking for some time, previous expressions of official concern were not made public. However, the recent State Department remarks, which touched on the questions of sovereignty over Taiwan and of direct negotiations between Taipei and Peking, clearly cut too close to the bone for such low-key treatment. Criticism was also voiced by the Legislative Yuan and in the Taiwan press; in addition to Foreign Minister Chow Shukai's demarche to the US ambassador, the Nationalist chargé in Washington delivered a strong protest to the State Department. [REDACTED]

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BOLIVIA: President Torres has canceled the concession of the US-owned Matilda mining company. This action, taken on Friday morning, apparently satisfied the anti-US demonstrators in the May Day labor march, which was large but generally peaceful. The nationalization decree gives a government commission 60 days to determine appropriate compensation. The government has also promised to remove the leftist students who occupied the US binational center in Cochabamba on Friday night. Torres, however, is reluctant to use force against leftist groups, and it is unlikely that any immediate action will be taken to oust them.

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